

Highlights

Global	With few cues for market players to chew on, Wall Street edged higher whilst UST bond yield also climbed overnight. US president Trump's visit to Israel saw him urging that "the United States and Israel can declare with one voice that Iran must never be allowed to develop nuclear weapons". Elsewhere, there was news of an explosion at a concert at Manchester Arena with a number of confirmed fatalities and injured. Expect Asian markets to trade with a mixed tone today as investors await the slew of PMIs from Eurozone and US, German IFO, US new home sales, and S'pore inflation. Speakers include Fed's Kashkari, Harker and Evans, and ECB's Coeure.
US	The Chicago Fed national activity index rose more than expected from a revised 0.07 in Mar to 0.49 in Apr.
EZ	German Chancellor Merkel opined that "the euro is too weak – that's because of ECB policy - and so German products are cheap in relative terms". Meanwhile, EU-27 ministers have finalised their Brexit negotiating position for EU chief negotiator Barnier with the UK.
SG	MAS will auction \$1.5b of 30-year SGS bonds on 29 May, with MAS taking \$200m, which leaves an effective re-opening size of \$1.3b. Headline and core inflation likely rose 0.5% yoy (-0.2% mom nsa) and 1.5% yoy respectively in Apr, compared to +0.7% yoy (0% mom nsa) and 1.2% in Mar.
CH	It is reported that the CSRC would cease channel businesses on an all-round basis. However, the rumor was denied soon and media reported that the CSRC would continue to monitor the scale of channel businesses. Still, we believe that market expectations on the implementation of such a regulation may have an impact on investor sentiments.
ID	President Jokowi has signed a new rule to expedite the development of integrated light rail transit projects in Jakarta, Bogor, Depok and Bekasi areas.
MA	Foreign reserves stood at USD97.3bn as at May 15 th , compared to USD96.1bn as of April 28 th . According to Bank Negara, the amount is sufficient to finance 7.8 months' worth of retained imports and is 1.1 times short-term external debt.
TH	Custom export grew 8.5% in April 2017, clocking its second consecutive positive growth print this year. In the first four months this year, exports grew 5.7% year-on-year, up from -1.3% over the same period last year, printing its highest in six years. Accounting for custom imports growth print at 13.4%, trade surplus came in at \$60 million, the lowest since April 2015.
Commodities	WTI rose to its 5-week high as market-watchers increasingly anticipate an extension of the OPEC production deal into the next six to nine months starting July. Importantly, Iraq was the latest nation on mainstream media which openly backed the proposal for a nine-month extension. Elsewhere, gold prices rallied above its \$1,260/oz at closing yesterday, as the greenback slips to its six-month low.

Major Markets

- **US:** Equities are higher across the board for the third consecutive session after the political uncertainty-induced sell-off last Wednesday. The S&P 500 rose 0.52%, while the Dow and Nasdaq were also higher by 0.43% and 0.82% respectively. All 11 sectors in the S&P 500, except for energy, saw gains on Monday. The tech and industrial sectors outperformed, with industrials benefitting from the deals done on Trump's tour. VIX fell back to normal levels, down 9.2% to 10.93. US Treasuries continued to fade amid subdued price movements. 2- and 10-year yields ended firmer by 1-2 bps, last saw at NY close at 1.28% and 2.25%.
- **Singapore:** STI extended declines by 0.10% to close at 3213.57 yesterday, and may range trade between 3200-3240 today amid mixed morning leads from Nikkei and Kospi. Although UST bond yields climbed 1-2bps overnight, SGS bonds may be supported by the slight risk-off sentiments creeping back with the UK explosion.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates falling by 2-3bps across all tenors. Flows in SGD corporates were heavy, with better buying seen in UOBSP 3.5%'29s, mixed interest seen in GENSSP 5.13%'49s. In the broader dollar space, the spread on JACI IG corporates fell 1bps to 197bps, while the yield on JACI HY corporates rose 2bps to 6.80%. 10y UST yields rose 2bps to 2.26% yesterday, pushed by a heavy Investment Grade issuance slate, along with elevated equities and European Government Bond (EGB) weakness.
- **New Issues:** Hong Seng Ltd. priced a USD250mn 3-year bond (guaranteed by Hong Yang Group Company Ltd) at 8.25%, deviating from initial guidance of low 8% area. The expected issue ratings are 'B-/NR/B'. Korea Eximbank priced a EUR750mn 5-year bond at MS+40bps, tightening from initial guidance of MS+45bps. The expected issue ratings are 'AA/Aa2/AA-'. Nan Fung Treasury (II) Ltd. priced a USD500mn perp NC3 (guaranteed by Nan Fung International Holdings Ltd) at 5.5%, tightening from initial guidance of 5.7%. The expected issue ratings are 'NR/Baa3/NR'. MCC Holding (Hong Kong) Corporation Ltd. priced a USD500mn 3-year bond (guaranteed by Metallurgical Corporation of China Ltd) at CT3+155bps, tightening from initial guidance of CT3+185bps. The expected issue ratings are 'NR/Baa2/NR'. Dr.Peng Holding Hongkong Ltd. scheduled investor calls from 23 May for potential USD bond issuance. The expected issue ratings are 'BB/Ba2/NR'. Agung Podomoro Land Tbk PT scheduled investor roadshows from 23 May for potential USD bond issuance. Nanyang Commercial Bank Ltd scheduled investor meetings from 23 May for potential USD AT1 bond issue. The expected issue ratings are 'NR/Ba2/NR'.
- **Rating Changes:** S&P lowered the long-term corporate credit rating on Noble Group Ltd. (Noble) to 'CCC+' from 'B+' and lowered the long-term issue rating on Noble's outstanding senior unsecured notes to 'CCC' from 'B'. The outlook on the corporate credit rating is negative. The rating action reflects Noble's unsustainable capital structure, weak liquidity and high refinancing risk with high execution risk for the company's strategic plan to stabilize cash flows and profitability and address losses. S&P raised the long-term corporate credit rating and issue ratings on Australia-based Goodman Group to 'BBB+' from 'BBB' and removed the ratings from CreditWatch, where they were placed with positive implications on May 12, 2017. The ratings outlook is stable. The rating action reflects S&P's expectation that the company's credit metrics will strengthen above previous expectations. S&P suspended Chinese developer Mingfa Group (International) Co. Ltd's (Mingfa) 'CCC+' corporate credit rating and 'CCC' issue rating on the company's outstanding senior unsecured notes. The suspension reflects the lack of sufficient, timely, and reliable information to maintain the ratings on Mingfa. Moody's assigned a first-time 'Ba3' corporate family rating to Agung Podomoro Land Tbk (P.T.) (APL). In addition, Moody's assigned a 'Ba3' rating to the proposed USD-

denominated bonds to be issued by APL Realty Holdings Pte. Ltd., a wholly owned subsidiary of APL. The outlook on the ratings is stable. The rating action reflects the company's established market position as a developer of mixed-use projects in Jakarta, its diversification across multiple projects, property segments, and customers across the price spectrum. Fitch assigned APL a 'BB-' Issuer Default Rating and a 'BB-(EXP)' expected rating to the proposed notes, with a stable outlook. Fitch affirmed the Issuer Default Ratings (IDRs) on 1) Nomura Holdings, Inc. (Nomura Holdings) and its wholly owned subsidiary Nomura Securities Co., Ltd. (Nomura Securities) and Nomura Financial Products & Services Inc., and 2) Daiwa Securities Group Inc. (Daiwa Securities Group) and its wholly owned subsidiary Daiwa Securities Co. Ltd. (Daiwa Securities), at 'A-'. In addition, Fitch revised the outlooks on the above entities to Stable from Negative. The rating action follows the affirmation of Japan's sovereign rating at 'A' and revision of the Outlook to Stable from Negative on 27 April 2017.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.984	-0.16%	USD-SGD	1.3861	--
USD-JPY	111.300	0.04%	EUR-SGD	1.5577	0.30%
EUR-USD	1.1237	0.28%	JPY-SGD	1.2456	0.01%
AUD-USD	0.7477	0.24%	GBP-SGD	1.8021	-0.01%
GBP-USD	1.3000	-0.28%	AUD-SGD	1.0364	0.33%
USD-MYR	4.3045	-0.39%	NZD-SGD	0.9697	1.01%
USD-CNY	6.8864	0.02%	CHF-SGD	1.4242	-0.04%
USD-IDR	13302	-0.17%	SGD-MYR	3.1055	-0.08%
USD-VND	22692	-0.05%	SGD-CNY	4.9671	0.01%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	0.9289	--
2M	-0.3410	--	1M	1.0171	--
3M	-0.3310	--	2M	1.0961	--
6M	-0.2510	--	3M	1.1864	--
9M	-0.1790	--	6M	1.4152	--
12M	-0.1290	--	12M	1.7229	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.20 (--)	1.28 (+0.01)	-0.67 (+0.02)	-0.43 (+0.02)	-0.25 (+0.01)
5Y	1.59 (--)	1.80 (+0.02)	-0.34 (+0.02)	-0.10 (+0.02)	0.85 (--)
10Y	2.09 (-0.01)	2.25 (+0.02)	0.40 (+0.03)	0.84 (+0.04)	2.13 (--)
15Y	2.25 (-0.01)	--	0.64 (+0.03)	1.20 (+0.04)	2.67 (+0.01)
20Y	2.35 (-0.01)	--	0.94 (+0.03)	1.53 (+0.04)	2.78 (--)
30Y	2.43 (-0.01)	2.91 (+0.02)	1.23 (+0.03)	1.83 (+0.04)	3.25 (--)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
14/06/2017	100.0%	0.0%	98.8%	1.3%	0.0%
26/07/2017	92.8%	0.0%	91.7%	1.2%	0.0%
20/09/2017	95.4%	0.0%	61.3%	33.7%	0.4%
13/12/2017	96.4%	0.0%	49.0%	39.5%	7.7%
31/01/2018	96.5%	0.0%	48.1%	39.6%	8.4%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	50.73	0.79%	Copper (per mt)	5,707.8	0.58%
Brent (per barrel)	53.87	0.48%	Nickel (per mt)	9,361.5	0.32%
Heating Oil (per gallon)	1.6021	1.23%	Aluminium (per mt)	1,932.0	-0.35%
Gasoline (per gallon)	1.6626	0.62%			
Natural Gas (per MMBtu)	3.3300	2.27%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,900.0	0.52%
			Rubber (JPY/KG)	309.5	0.00%
Precious Metals	Futures	% chg			
Gold (per oz)	1,261.4	0.62%			
Silver (per oz)	17.143	2.35%			

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	20,894.83	89.99
S&P	2,394.02	12.29
Nasdaq	6,133.62	49.92
Nikkei 225	19,678.28	87.52
STI	3,213.57	-3.35
KLCI	1,774.95	6.67
JCI	5,749.45	-42.44
Baltic Dry	954.00	-2.00
VIX	10.93	-1.11

Financial Spread (bps)

	Value	Change
LIBOR-OIS	12.49	-1.03
EURIBOR-OIS	3.10	0.20
TED	26.74	--

Government CDS (USD)

	5Y	% Change
Germany	14.591	-9.12%
France	29.930	2.22%
Italy	163.635	0.29%

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
05/22/2017 05:00	SK	PPI YoY	Apr	--	4.00%	4.20%	4.30%
05/22/2017 07:01	UK	Rightmove House Prices MoM	May	--	1.20%	1.10%	--
05/22/2017 07:01	UK	Rightmove House Prices YoY	May	2.00%	3.00%	2.20%	--
05/22/2017 07:50	JN	Trade Balance	Apr	¥520.7b	¥481.7b	¥614.7b	¥614.0b
05/22/2017 07:50	JN	Trade Balance Adjusted	Apr	¥259.6b	¥97.6b	¥172.2b	¥106.4b
05/22/2017 07:50	JN	Exports YoY	Apr	8.00%	7.50%	12.00%	--
05/22/2017 07:55	TH	Car Sales	Apr	--	63267	--	--
05/22/2017 08:30	TA	Unemployment Rate	Apr	3.83%	3.78%	3.84%	--
05/22/2017 14:30	TH	Customs Exports YoY	Apr	11.65%	8.49%	9.20%	--
05/22/2017 14:30	TH	Customs Imports YoY	Apr	15.60%	13.38%	19.30%	--
05/22/2017 14:30	TH	Customs Trade Balance	Apr	\$295m	\$57m	\$1617m	--
05/22/2017 15:00	MA	Foreign Reserves	May-15	--	\$97.3b	\$96.1b	--
05/22/2017 15:00	JN	Convenience Store Sales YoY	Apr	--	0.30%	0.00%	--
05/22/2017 16:00	TA	Export Orders YoY	Apr	13.00%	7.40%	12.30%	--
05/22/2017 20:30	US	Chicago Fed Nat Activity Index	Apr	0.11	0.49	0.08	0.07
05/23/2017 08:30	JN	Nikkei Japan PMI Mfg	May P	--	--	52.7	--
05/23/2017 12:30	JN	All Industry Activity Index MoM	Mar	-0.50%	--	0.70%	--
05/23/2017 13:00	JN	Supermarket Sales YoY	Apr	--	--	-1.80%	--
05/23/2017 13:00	SI	CPI YoY	Apr	0.50%	--	0.70%	--
05/23/2017 13:00	SI	CPI NSA MoM	Apr	-0.10%	--	0.00%	--
05/23/2017 14:00	JN	Nationwide Dept Sales YoY	Apr	--	--	-0.90%	--
05/23/2017 14:00	JN	Tokyo Dept Store Sales YoY	Apr	--	--	-0.20%	--
05/23/2017 14:00	JN	Machine Tool Orders YoY	Apr F	--	--	34.70%	--
05/23/2017 14:00	GE	GDP SA QoQ	1Q F	0.60%	--	0.60%	--
05/23/2017 14:00	GE	GDP WDA YoY	1Q F	1.70%	--	1.70%	--
05/23/2017 14:00	GE	GDP NSA YoY	1Q F	2.90%	--	2.90%	--
05/23/2017 14:45	FR	Manufacturing Confidence	May	108	--	108	--
05/23/2017 14:45	FR	Production Outlook Indicator	May	--	--	1	--
05/23/2017 15:00	FR	Markit France Mfg PMI	May P	55.2	--	55.1	--
05/23/2017 15:00	FR	Markit France Services PMI	May P	56.7	--	56.7	--
05/23/2017 15:00	FR	Markit France Composite PMI	May P	56.6	--	56.6	--
05/23/2017 15:30	GE	Markit/BME Germany Mfg PMI	May P	58	--	58.2	--
05/23/2017 15:30	GE	Markit Germany Services PMI	May P	55.5	--	55.4	--
05/23/2017 15:30	GE	Markit/BME Germany Comp\ PMI	May P	56.6	--	56.7	--
05/23/2017 16:00	TA	Industrial Production YoY	Apr	4.00%	--	3.22%	--
05/23/2017 16:00	EC	Markit Eurozone Mfg PMI	May P	56.5	--	56.7	--
05/23/2017 16:00	EC	Markit Eurozone Services PMI	May P	56.4	--	56.4	--
05/23/2017 16:00	EC	Markit Eurozone Composite PMI	May P	56.7	--	56.8	--
05/23/2017 16:00	GE	IFO Business Climate	May	113.1	--	112.9	--
05/23/2017 16:00	GE	IFO Expectations	May	105.4	--	105.2	--
05/23/2017 16:00	GE	IFO Current Assessment	May	121	--	121.1	--
05/23/2017 16:30	HK	CPI Composite YoY	Apr	1.50%	--	0.50%	--
05/23/2017 16:30	UK	Public Finances (PSNCR)	Apr	--	--	34.3b	--
05/23/2017 16:30	UK	Public Sector Net Borrowing	Apr	8.0b	--	4.4b	--
05/23/2017 16:30	UK	PSNB ex Banking Groups	Apr	8.7b	--	5.1b	--
05/23/2017 20:30	CA	Wholesale Trade Sales MoM	Mar	0.80%	--	-0.20%	--
05/23/2017 21:45	US	Markit US Mfg PMI	May P	53	--	52.8	--
05/23/2017 21:45	US	Markit US Services PMI	May P	53.3	--	53.1	--
05/23/2017 21:45	US	Markit US Composite PMI	May P	--	--	53.2	--
05/23/2017 22:00	US	New Home Sales	Apr	610k	--	621k	--
05/23/2017 22:00	US	New Home Sales MoM	Apr	-1.80%	--	5.80%	--
05/23/2017 22:00	US	Richmond Fed Manufact. Index	May	15	--	20	--
05/23/2017	MU	CPI Composite YoY	Apr	--	--	0.72%	--
05/23/2017	MU	Visitor Arrivals	Apr	--	--	2501t	--

Source: Bloomberg

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